



**CITIZENS FIRST
NATIONAL BANK OF TYLER**

BOX 2020 • TYLER, TEXAS 75701

JAMES F. DEAKINS
SENIOR VICE-PRESIDENT

11295
RECORDATION NO. Filed 1425

DEC 28 1979 - 1 50 PM

No. 9-362AC80

Date DEC 28 1979

Fee \$ 50.00

ICC Washington, D. C.

INTERSTATE COMMERCE COMMISSION December 20, 1979

Secretary of Interstate
Commerce Commission
Washington, D. C. 20423

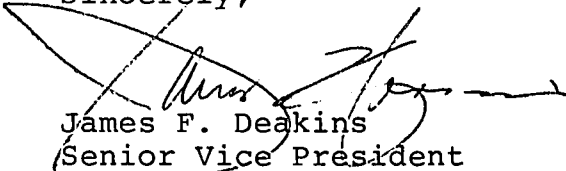
To The Secretary:

Please find enclosed an original and two copies of the Security Agreement by and between Citizens First National Bank, whose address is Post Office Box 2020, Tyler, Texas 75710 and S. Edwin Duncan, whose address is 5903 Quail Creek, Tyler, Texas 75703.

Said Security Agreement covers the railroad cars described as:

"Two open top hopper cars, 100 ton capacity, 2000 cubic feet capacity, manufactured by Portec, Inc., according to the job number 1931 bearing the following numbers; TRAX Number 2066 and TRAX Number 2067."

Sincerely,


James F. Deakins
Senior Vice President

JFD/db

Enclosures

DEC 21 1979
FBI - WASH DC

Interstate Commerce Commission
Washington, D.C. 20423

1/2/80

OFFICE OF THE SECRETARY

James F. Deakins
Senior Vice President
Citizens First Natl. Bank Of Tyler
Box 2020
Tyler Texas 75701

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/28/79 at 1:50pm, and assigned re-recording number(s). 11295

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

CORPORATE FORM OF ACKNOWLEDGEMENT

THE STATE OF TEXAS X

COUNTY OF SMITH X

On this 20th day of December, 1979, before me personally appeared James F. Deakins, to me personally known, who being by me duly sworn, says that he is the Senior Vice-President of Citizens First National Bank of Tyler, Tyler, Texas, a national banking association, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Paula Malone
Notary Public in and for Smith County, Texas

My Commission Expires:

May 10, 1980

INDIVIDUAL FORM OF ACKNOWLEDGEMENT

THE STATE OF TEXAS X

COUNTY OF SMITH X

On this 20th day of December, 1979, before me personally appeared S. Edwin Duncan, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Paula Malone
Notary Public in and for Smith County, Texas

My Commission Expires:

May 10, 1980

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SECURITY AGREEMENT

(GENERAL BANK FORM)

The Odco Company, Publishers, Dallas

SECURITY AGREEMENT

CONSUMER GOODS, EQUIPMENT, CROPS OR FARM PRODUCTS

RECORDATION NO. **11295** Filed 1425Date **December 19, 1979**S. Edwin Duncan **Quail Creek**

DEC 28 1979 1 50 PM

Tyler

Smith

Texas

(CITY) INTERSTATE COMMERCE COMMISSION (COUNTY)

(STATE)

hereinafter called "Debtor," hereby grants to **CitizensFirst National Bank**of **P.O. Box 2020**

Tyler

Smith,

Texas

(STREET OR MAILING ADDRESS)

(CITY)

(COUNTY)

(STATE)

hereinafter called "Bank," a security interest in the following described personal property:

All of the right, title and interest of Debtor in and to (i) two open top hopper cars, 100 ton capacity, 2000 cubic feet capacity, manufactured by Portec, Inc. Job Number 1931.

TRAX Number 2066 and TRAX Number 2067

(ii) the Accounts and Contract Rights arising under the Management Agreement between Debtor and Lease Investment Corp. (iii) all leases ("Lease Agreements") now or hereafter existing, including but not limited to leases between as Lessor and other entities as Lessee, on the Equipment, (iv) all of Debtor's right to receive and collect all per diem mileage payments now or hereafter to become payable to the Debtor with respect to such Equipment, and (v) the proceeds of such Collateral.

(Note — If COLLATERAL is crops, or oil, gas or minerals to be extracted, or timber to be cut, or if COLLATERAL is to become a fixture, describe in the above space following the description of the COLLATERAL, the real estate concerned, and give the name of the record owner hereof.)

together with all additions, accessions and substitutions thereto or therefor, and all similar property hereafter acquired, hereinafter called "Collateral." Proceeds of Collateral are also covered but this shall not be construed to mean that Bank consents to any sale of such Collateral.

If Collateral includes livestock, Debtor hereby grants a security interest in all increase thereof, all feed, both hay and grain, owned by Debtor, all water privileges, all equipment used in feeding and handling said livestock, and all of Debtor's right, title, and interest in and to all contracts and leases covering lands for pasture and grazing purposes.

DEBTOR WARRANTS AND COVENANTS WITH BANK AS FOLLOWS:

1. The Collateral covered by this agreement is to be used by Debtor primarily for

() Personal, family or household purposes

() Farming operations

(X) Business other than farming operations.

2. The Collateral is

() Now owned by the Debtor

(X) Being acquired with the proceeds of the advance evidenced by this agreement.

3. Debtor's residence is

(X) At the address shown above

() At

(STREET NUMBER)

(CITY)

(STATE)

4. The Collateral will be kept at

() Debtor's residence as shown above

() At

(STREET NUMBER)

(CITY)

(STATE)

5. Debtor's chief place of business is

(X) In the county of Debtor's residence

() At

(STREET NUMBER)

(CITY)

(STATE)

This security interest is given to secure: (1) Payment of a note dated **December 19, 1979**

executed and

delivered by Debtor to Bank in the principal sum of \$ **Seventy-seven thousand three hundred fifty & no/100** payable as to principal and interest as therein provided; (2) future advances to be evidenced by like notes to be made by Bank to Debtor at Bank's option; (3) all expenditures by Bank for taxes, insurance, repairs to and maintenance of the Collateral and all costs and expenses incurred by Bank in the collection and enforcement of the note and other indebtedness of Debtor; and (4) all liabilities of Debtor to Bank now existing or hereafter incurred, matured or unmatured, direct or contingent, and any renewals and extensions thereof and substitutions therefor.

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

OWNERSHIP FREE OF ENCUMBRANCES. Except for the security interest granted hereby, Debtor now owns or will use the proceeds of the advances hereunder to become the owner of the Collateral free from any prior lien, security interest or encumbrance, and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

FINANCING STATEMENTS. No financing statement covering the Collateral or any proceeds thereof is on file in any public office and Debtor will join with Bank in executing one or more financing statements in form satisfactory to Bank.

INSURANCE. Debtor will insure the Collateral with companies acceptable to Bank against such casualties and in such amounts as Bank shall require. All insurance policies shall be written for the benefit of Debtor and Bank as their interests may appear, and such policies or certificates evidencing the same shall be furnished to Bank. All policies of insurance shall provide at least ten (10) days prior written notice of cancellation to Bank.

MAINTENANCE. Debtor will keep the Collateral in good condition and free from liens and other security interests, will pay promptly all taxes and assessments with respect thereto, will not use the Collateral illegally or encumber the same and will not permit the Collateral to be affixed to real or personal property without the prior written consent of Bank. Bank may examine the Collateral at any time, wherever located.

REIMBURSEMENT FOR EXPENSES. At its option, Bank may discharge taxes, liens, security interests, or other encumbrances on the Collateral and may pay for the repair of any damage to the Collateral, the maintenance and preservation thereof and for insurance thereon. Debtor agrees to reimburse Bank on demand for any payments so made and until such reimbursement, the amount of any such payment, with interest at ten (10%) per cent per annum from date of payment until reimbursement, shall be added to the indebtedness owed by Debtor and shall be secured by this security agreement.

CHANGE OF RESIDENCE OR LOCATION OF COLLATERAL. Debtor will immediately notify Bank in writing of any change in Debtor's residence, and Debtor will not permit any of the Collateral to be removed from the location specified herein without the written consent of Bank.

EVENTS OF DEFAULT. Debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

1. Default in the payment or performance of any obligation, covenant or liability contained or referred to herein;

2. Any warranty, representation or statement made or furnished to Bank by or in behalf of Debtor proves to have been false in any material respect when made or furnished;

3. Any event which results in the acceleration of the maturity of the indebtedness of Debtor to others under any indenture, agreement or undertaking;

4. Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon;

5. Any time the Bank believes that the prospect of payment of any indebtedness secured hereby or the performance of this agreement is impaired;

6. Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral, assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against Debtor or any guarantor or surety for Debtor.

REMEDIES. Upon such default and at any time thereafter Bank may declare all obligations secured hereby immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies provided by the Uniform Commercial Code as well as all other rights and remedies possessed by Bank. Bank may require Debtor to assemble the Collateral and make it available to Bank at any place to be designated by Bank which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of this agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Bank's reasonable attorneys' fees and legal expenses.

No waiver by Bank of any default shall operate as a waiver of any other default and the terms of this agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.

Signed and delivered the day and year first above written.

SECURED PARTY:

Citizens First National Bank

By:

James F. Deakins, Senior Vice President

DEBTOR:

S. Edwin Duncan

(NAME)

(PARTNERSHIP OR CORPORATION)

(NAME)

(TITLE)

ATTEST:

Jean Hines, Assistant Cashier